



DEPARTMENT OF GENERAL SERVICES
Executive Office

March 4, 2004

The Honorable Wesley Chesbro, Chair
Joint Legislative Budget Committee
State Capitol, Room 5100
Sacramento, CA 95814

Dear Senator Chesbro:

Pursuant to Government Code Section 14669 (c), the director of the Department of General Services (DGS) shall prepare a report listing all leases entered into during the prior calendar year with an option to purchase with another entity, public or private, that involve office space. This letter fulfills that reporting requirement.

The DGS has amended one real property lease during calendar year 2003, which involves office space and contains an option to purchase. An amendment was executed for the Health and Human Services Agency Data Center, Sacramento, in June 2003, to maintain a 74,400 net usable square foot data center. The lease amendment has a 50-month firm term and a 72-month total term. The monthly rent structure is as follows:

<u>Periods</u>	<u>Monthly Rent</u>
09/01/03 – 09/30/03	\$163,355.48
10/01/03 – 09/30/07	138,000.00
10/01/07 – 03/31/08	30,000.00
04/01/08 – 07/31/09	71,245.00

The option to purchase is designed to allow the state to purchase the leased building during a time period. The terms of the purchase option are as follows. The state shall have a one-time option, between June 1, 2007, and September 30, 2007, to purchase the building for a total purchase price of \$2,450,000.00, which shall include any and all amortized and/or unamortized allowances.

If you have any questions, please contact Doug Button, Chief, Real Estate Leasing and Management Section, Professional Services Branch, Real Estate Services Division, Department of General Services, at (916) 375-4088.

Sincerely,

Ron Joseph, Interim Director
Department of General Services

March 4, 2004

RJ:cla:sc

cc: See Attached Distribution List #4

Kenn Kojima, Deputy Director, Real Estate Services Division,
Department of General Services

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